

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 CIAE-00 INR-07

NSAE-00 /027 W

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R 041740Z AUG 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1913

INFO AMCONSUL BORDEAUX

LIMITED OFFICIAL USE PARIS 20135

E.O. 11652: N/A

TAGS: ECON, US, FR

SUBJECT: AUTOMOBILE COMPONENT IMPORTS FROM FRANCE

REFS: A. STATE 181749, B. PARIS 18538 C. PARIS 17537

1. DATAR ASSISTANCE FOR FORD INVESTMENT AT BORDEAUX WAS FULLY DESCRIBED IN REFTEL C. IN CHECKING WITH FORD, HOWEVER, WE FIND THAT SOME DETAILS GIVEN IN REFTEL C WERE INACCURATE AND OTHERS ARE NOT IN PUBLIC DOMAIN.

2. FOLLOWING DETAILS WERE INACCURATE AND SHOULD BE CORRECTED IN DEPARTMENT'S FILES: (A) TOTAL COST OF PLANT CAME TO 404 MILLION FRENCH FRANCS (RATHER THAN 130 MILLION DOLLARS). (B) TOTAL GRANT WAS BASED ON MINIMUM RATE OF 12 PER CENT (RATHER THAN 25 PER CENT) OF TOTAL INVESTMENT LESS TAXES, AND THUS CAME TO 48.5 FRENCH FRANCS. THIS IS PAYABLE IN SIX SEMI-ANNUAL INSTALLMENTS AND NOT ALL HAS YET BEEN COLLECTED FROM GOF. (C) WHILE FORD WAS THEORETICALLY ENTITLED TO SUBSIDY OF UP TO 50 PER CENT FOR EMPLOYEE TRAINING AND EQUIPMENT (UNDER FRENCH VOCATIONAL TRAINING PROGRAM), ACTUAL SUBSIDY WILL BE CLOSER TO 25 PER CENT DUE TO LIMITATIONS IMPOSED BY GOF ON VALUATION OF CERTAIN  
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COMPONENTS.

3. INFORMATION NOT IN PUBLIC DOMAIN IS ACTUAL AMOUNT OF

SUBSIDY, ESTIMATED VALUE OF BUSINESS TAX EXEMPTION, AND VALUATION OF ACCELERATED DEPRECIATION ALLOWANCE. IN FACT, ON THIS LATTER POINT, DEPRECIATION ALLOWANCE HAS BEEN OF NO VALUE SINCE 1974 AS BORDEAUX PLANT IS OPERATING IN THE RED. FACT THAT FORD WAS ABLE TO NEGOTIATE HIGHER SUBSIDY THAN WOULD HAVE BEEN JUSTIFIED BY CEILING OF 15,000 FRANCS PER-JOB-CREATED IS ALSO NOT IN PUBLIC DOMAIN.

4. IN INFORMING UAW WE SUGGEST DEPARTMENT LIMIT ITSELF TO STATEMENT THAT FORD WAS GIVEN BENEFIT OF MAJOR CONCESSIONS PROVIDED FOR IN DATAR BOOKLET (COPY OF WHICH SHOULD BE AVAILABLE IN WASHINGTON) BUT THAT IN SOME CASES, AND FOR VARIOUS REASONS, NOT ALL OF THESE BENEFITS HAVE BEEN FULLY REALIZED.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** IMPORTS, SPARE PARTS, AUTOMOBILES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 AUG 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** RowellE0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EUR  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 181749, 75 PARIS 18538, 75 PARIS 17537  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** RowellE0  
**Review Comment:** n/a  
**Review Content Flags:** ANOMALY  
**Review Date:** 21 MAY 2003  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AUTOMOBILE COMPONENT IMPORTS FROM FRANCE  
**TAGS:** ECON, US, FR, FORD MOTOR COMPANY  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006